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Message Text

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70-62
ACTION ARA-08

INFO OCT-01 SS-14 ADP-00 NSC-10 NSCE-00 CIAE-00 INR-10

NSAE-00 RSC-01 EB-03 L-02 PRS-01 RSR-01 /051 W
---------- 082227
R 161924 Z MAY 73
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 9869

C O N F I D E N T I A L CARACAS 4211

LIMDIS

EO 11652: GDS
TAGS: BDIS
SUBJECT: AUTOMATIC VOTING MACHINES CONTRACT: PROBABLE
CANCELLATION AND CONSEQUENCES THEREOF

REF: CARACAS 4002

1. YESTERDAY AT LUNCHEON GIVEN FOR SECRETARY BY FONMIN CALVANI, I SAT AT TABLE WITH LUIS ALBERTO MACHADO, CABINET MINISTER WITH TITLE OF SECRETARY OF THE PRESIDENCY. TO MY SURPRISE HE CONFIDED THAT HE IS ALSO SECRETARY TO THE MINISTER OF THE INTERIOR, THE CABINET

MINISTER WHO AUTOMATICALLY BECOMES INTERIM PRESIDENT SHOULD CHIEF EXECUTIVE BE OUTSIDE THE COUNTRY. THIS GIVES MACHADO ACCESS TO ALL THE INTIMATE INFORMATION AND INTELLIGENCE REPORTS OF THE MINISTRY OF THE INTERIOR PLUS A MEASURE OF CONTROL OVER PROVINCIAL GOVERN-MENTS. IN FACT, HE SAID COMPLACENTLY, " I HAVE THE MOST POWERFUL JOB IN THE VENEZUELAN CABINET."

2. I ASKED MACHADO WHETHER IN HIS JUDGMENT THE AVM CONTRACT WOULD BE CANCELED. HE SAID " YES." I SAID THIS WOULD INVOLVE A VERY MATERIAL LOSS FOR AN AMERICAN FIRM WHICH WE WERE TOLD HAD ALREADY INVESTED $10 MILLION IN PREPARING VOTING MACHINES ESPECIALLY DESIGNED FOR THE VENEZUELAN ELECTIONS.

3. MACHADO THEN LOOKED AT ME AND ASKED IF HE COULD GIVE ME A
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FRIENDLY WORD OF ADVICE. HE SAID, " IF I WERE YOUR EMBASSY, I WOULD UNDER NO CIRCUMSTANCES GET INVOLVED IN WHAT HAPPENS AFTER THE VOTING
MACHINE CONTRACT IS CANCELED. IF THE EMBASSY DOES GET INVOLVED, IT WILL NOT BE A SIMPLE COMMERCIAL CLAIM; IT WILL BE TAKEN IN PUBLIC OPINION AS INTERFERENCE BY THE EMBASSY IN INTERNAL DOMESTIC POLITICS AND YOU WILL GET BURNED BY THE SCANDAL EVEN MORE THAN YOUR COMPANY."

4. I BELIEVE THAT MACHADO' S ADVICE IS ABSOLUTELY SOUND. WE ARE DEALING HERE WITH A CASE WHICH IS OF MORE THAN MERE COMMERCIAL CLAIM IMPORTANCE, EXACERBATED BY THE MUD SLINGING OF THE PRESI-DENTIAL ELECTIONS. IN CONSEQUENCE I HAVE GIVEN INSTRUCTIONS THAT ALTHOUGH WE WILL PROVIDE COMPANY WITH LISTS OF LAWYERS, THIS EMBASSY WILL UNDER NO CIRCUMSTANCES BECOME INVOLVED IN THE VOTING MACHINE CONTRACT CASE.
MCCLINTOCK

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*** Current Handling Restrictions *** LIMDIS
*** Current Classification *** CONFIDENTIAL

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